



CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

Park E. Pearson
Interim City Auditor
San Antonio, Texas

RE: Management's Corrective Action Plan for the Audit of Aviation Concession Agreements

The Aviation Department has reviewed the audit report and has developed the Corrective Action Plans below corresponding to report recommendations.

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
A-1	Require concessionaires to submit annual statements certified by an independent CPA as required by their concession agreements.	5	Accept	Eric Kaalund; Aviation Department, Renee Alton; Unison Consulting	5/31/09
A-2	Require concessionaires to comply with established insurance requirements.	5	Accept	Eric Kaalund; Aviation Department, Renee Alton; Unison Consulting	5/31/09
A-3	Require concessionaires to maintain performance guarantees as required in their respective concession agreements.	5	Accept	Eric Kaalund; Aviation Department, Renee Alton; Unison Consulting	5/31/09

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
A-4.1	Require concessionaires to retain point of sale system records as required by the concession agreements, and any other documentation necessary to verify reported gross sales and any exclusions from gross sales.	5	Accept	Eric Kaalund; Aviation Department; Renee Alton; Unison Consulting	Completed
A-4.2	Require concessionaires to retain and provide appropriate documentation such as bank statements in future reviews and audits.	5	Accept	Eric Kaalund; Aviation Department; Renee Alton; Unison Consulting	Completed
A-5	Require Shannon Smiths Shoe Shine to comply with the terms of the concession agreement to operate on the weekends and accept credit cards.	5	Accept	Eric Kaalund; Aviation Department; Renee Alton; Unison Consulting	Completed

Action plan:

A-1 - Unison will review, and modify as necessary, procedures to ensure concessionaires submit annual statements certified by an independent CPA as required by their concession agreements. The eleven concessionaires cited in the audit report have been notified and are in process of coming into compliance.

A-2 - Unison will review and modify as necessary, procedures to track and ensure concessionaire compliance with lease requirements for insurance coverage. The seven concessionaires cited in the audit report have been notified and are in process of coming into compliance.

A-3 - Unison will continue to require, track, and monitor concessionaire compliance to performance guarantees/letter of credit requirements established per the respective concession agreements. The two concessionaires cited in the audit report have been notified and are in the process of coming into compliance.

A-4.1 Unison has communicated to concessionaires the requirement to comply with the concession agreements and maintain sales records and source documentation in accordance with GAAP sufficient to support and verify reported gross sales and all exclusions from gross sales. Unison will undertake periodic reviews to reinforce this requirement.

A-4.2 - Unison has emphasized to concessionaires the requirement to retain and provide appropriate documentation to include bank information requested during future reviews and audits.

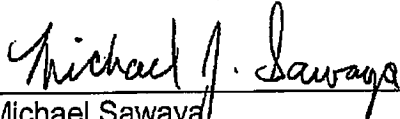
A-5 - Shannon Smith Shoe Shine has been notified to comply with the terms of the concession agreement with respect to operating hours and credit cards.

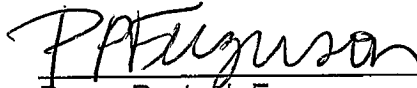
Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
B-1	Credit SSP America (Creative Croissants and Las Palapas) in the amount of \$7,710 for the overpayment of percentage rent.	6	Accepted	Eric Kaalund; Aviation Department, Renee Alton; Unison Consulting	Completed
B-2	Recover \$2,520 from Clear Channel IAA for the underpayment of percentage rent in June 2008.	6	Accepted	Eric Kaalund; Aviation Department, Renee Alton; Unison Consulting	Completed
B-3	Require Never Too Late and all other concessionaires to report gross sales as required by their concession agreements. Also, the underpaid \$38 in rent revenue should be recovered.	6	Accepted	Eric Kaalund; Aviation Department, Renee Alton; Unison Consulting	Completed
B-4	Recover \$55 from Blimpies in unpaid rent due to underreporting of gross sales.	6	Accepted	Eric Kaalund; Aviation Department, Renee Alton; Unison Consulting	Completed
<u>Action plan:</u> B-1 – Unison has applied the credit to future concessionaire percentage rent due B-2 – Credit issued. The certified annual sales report received from Clear Channel recognized the under reported gross revenue and underpayment of commission. B-3 – Payment as been received. B-4 – Payment has been received.					
C-1	Require all concessionaires to obtain the appropriate letter of endorsement naming the City of San Antonio/Airport as additional insured and amend future concession agreements to reflect this requirement.	7	Accept	Eric Kaalund; Aviation Department, Renee Alton; Unison Consulting	5/31/09

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
C-2	Establish a methodology for determining performance guarantee amounts which are consistent and sufficient to protect the City's interests.	7	Accept	Eric Kaalund; Aviation Department, Renee Alton; Unison Consulting	4/30/09
Action plan: C-1 – Unison will review and modify as necessary procedures to track, monitor, and require all concessionaires to obtain the appropriate letter of endorsement naming the City of San Antonio as an additional insured. Unison has initiated efforts to obtain the letters of endorsement for the six (6) policies identified in this report. Future concession agreements will reflect this requirement. C-2 - The Aviation Department agrees with the recommendation to document in writing the current procedural methodology for setting performance guarantees by April 30, 2009.					

We are committed to addressing the recommendations in the audit report and the plan of actions presented above. The Department of Aviation takes its oversight responsibilities seriously and will be implementing a review process in which a quarterly Department performance review of the Concessions Manager will be conducted to ensure compliance with the terms of their agreement.

Sincerely,


Michael Sawaya
Interim Director
Aviation Director


Penny Post oak-Ferguson
Assistant City Manager
City Manager's Office